

**PUBLIC CHAPTER NO. 368**

**SENATE BILL NO. 2326**

**By Kyle, Marrero**

**Substituted for: House Bill No. 2354**

**By Odom**

AN ACT to amend Tennessee Code Annotated, Title 67, Chapter 4, Part 10, relative to the taxation of cigarettes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-4-1004(a), is amended by deleting the language "ten (10) mills" and by substituting instead the language "three cents (3¢)".

SECTION 2. Tennessee Code Annotated, Section 67-4-1004, is amended by deleting subsection (c) and substituting instead the following:

(c) Any wholesale dealers, jobbers, tobacco distributors, and retail dealers having cigarette tax stamps, affixed and unaffixed, in their possession on July 1, 2007, shall not be required to pay the additional cigarette tax on such stamps resulting from the increase in the tax rate from ten (10) mills to three cents (3¢) on cigarettes bearing such stamps.

SECTION 3. Tennessee Code Annotated, Section 67-4-1025, is amended by adding the following language as a new subsection (d):

(d) Notwithstanding the provisions of subsections (a) and (b) of this section to the contrary, all cigarette tax revenue generated from the increase in the tax rate from ten (10) mills to three cents (3¢) on each cigarette shall be deposited in the education trust fund created by Title 49, Chapter 3; provided that, an amount of twenty-one million dollars (\$21,000,000) of such cigarette tax revenue shall be allocated to the Department of Agriculture's Tennessee agriculture enhancement program.

SECTION 4. Tennessee Code Annotated, Section 67-4-1004, is further amended by adding the following language as a new, appropriately designated subsection:

(d)(1) In addition to the tax provided in subsection (a), there shall be levied an additional one-tenth of one cent (0.1¢) on each cigarette.

(2) Any wholesale dealers, jobbers, tobacco distributors, and retail dealers having cigarette tax stamps, affixed and unaffixed, in their possession on July 1, 2007, shall not be required to pay such additional cigarette tax on such stamps resulting from the increase in the tax rate of one-tenth of one cent (0.1¢) on cigarettes bearing such stamps.

SECTION 5. Tennessee Code Annotated, Section 67-4-1025, is amended by adding the following language as a new subsection (e):

(e) Notwithstanding the provisions of subsections (a) and (b) of this section to the contrary, all cigarette tax revenue generated from the additional tax rate of one-tenth of one cent (0.1¢) on each cigarette imposed by § 67-4-1004(d) shall be deposited in the trauma system fund created by the "Trauma Center Funding Act of 2007" (Senate Bill 1503/House Bill 1613). Such funds shall be distributed as required by such law.

SECTION 6. This act shall take effect on July 1, 2007, the public welfare requiring it.

**PASSED: June 4, 2007**



RON RAMSEY  
SPEAKER OF THE SENATE



JIMMY NAIFEH, SPEAKER  
HOUSE OF REPRESENTATIVES

**APPROVED this 7th day of June 2007**



PHIL BREDESEN, GOVERNOR